



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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**AS APPROVED**

**To:** Local Government Self Insurance  
Property and Liability Advisory Board

**From:** John Nicholson  
Local Government Self Insurance  
Program Administrator

**Subject:** Property and Liability Advisory Board  
December 17, 2004 Meeting Minutes

**PROPERTY AND LIABILITY BOARD MEMBERS PRESENT**

David Canfield	Canfield and Associates
Allen Hatten	Washington State Transit Insurance Pool
Mark Kammers	Washington Governmental Entities Pool
Margaret Lesser	City of Bremerton
Glenn Sugiyama	City of Redmond

**EX OFFICIO PRESENT**

John Nicholson	Office of Financial Management Risk Management Division
Christopher Carlson	Office of the Insurance Commissioner

**LGSi STAFF PRESENT**

Don Johnsen	Office of Financial Management Risk Management Division
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**GUESTS**

Mike Croke	Willis
Ron Franz	Washington State Transportation Insurance Pool
David Hayasaka	Washington Schools Risk Management Pool
Eric Larson	Washington Cities Insurance Authority
Lew Leigh	Washington Cities Insurance Authority
Ray Leitus	Washington Schools Risk Management Pool
Ed Pavone	Clark County
Jim Rochel	ESD 112
Richard Rodruck	Public Utility Risk Management Services
Julius Scoggins	HARRP
Kevin Wick	PricewaterhouseCoopers

**CALL TO ORDER**

Chair Lesser called meeting to order at 9:30 a.m.

## **APPROVAL OF PREVIOUS BOARD MEETING MINUTES**

The Board approved the September 23, 2004 meeting minutes.

## **STAFF REPORT**

John Nicholson congratulated Allen Hatten on his appointment to Board. John reported no comments received at the hearing for the WAC 236-22 revision effective January 1, 2005. He reviewed the Washington Counties Risk Pool organizational restructuring and the current status of the non-profit housing liability pool. The bi-yearly assessment has been mailed as well as the annual financial report form due 150 days after fiscal year close. John noted copies of pool's actual policies should accompany the annual report and he asked that dates of all pool board meetings also be sent with the annual report.

## **OFFICE OF THE INSURANCE COMMISSIONER REPORT**

Christopher Carlson reviewed current OIC liabilities reviews of Children and Family Services and Adult Family Homes insurance availability and affordability issues. He also discussed the OIC 2005 legislative agenda including medical malpractice affordability measures. Whether to legislatively address contingent commissions had not yet been decided.

## **PRICEWATERHOUSECOOPERS PRESENTATION**

Kevin Wick discussed likely new public entity risk pool financial reporting measures. Post Enron/WorldCom, it is generally anticipated GASB will move to require a more comprehensive statement of ultimate liability-including that of third parties. John Nicholson observed that the State Auditor's Office is not now requiring but is considering such reporting. He added that LGSI has seen pools affected by unknown/unreported liabilities and can and has at times requested additional receivables and reinsurance collectibility information from pools. John anticipated it would be wise to consider reviewing the LGSI financial solvency guidelines. Chair Lesser agreed.

## **DISCUSSION OF DRAFT HARRP LEGISLATIVE PROPOSAL**

Julius Scoggins explained a HARRP board legislative proposal to increase pool surplus and fully self-insure liability exposures to end reliance on the increasingly unfavorable reinsurance market. Washington municipal corporations are limited to those powers expressly in statute. Neither the statutory authority for local governments to jointly self-insure (RCW 48.62) nor to jointly contract (RCW 39.34) provides authority for local government to issue bonds or contract indebtedness. Julius discussed the proposed amendments to which he believed the legislature would be receptive in order to promote affordable low-income housing. The Board adopted the following motion: "The Board unanimously supports the legislation proposed by the Housing Authorities Risk Retention Pool ("HARRP") to amend chapter 48.62 RCW as proposed in the September 22, 2004 Orrick memorandum to provide specific legislative authority for State of Washington local government self insurance pools to exercise the rights granted to individual constituent members under RCW 39.46 and 30.50 to contract indebtedness."

## **RISK POOL ASSOCIATE MEMBER PROGRAMS**

John Nicholson discussed the substantial number of small local government entity non-pool members that contract risk management services from pools - board action on the part of both the pool and associate member is required. The Attorney General's Office and counsels for Office of the Insurance Commissioner and Office of Financial Management have consistently agreed with John that authority for these 'associate members' is granted to pools in RCW 48.62.011. The Board adopted the following motion: "The State of Washington Property and Liability Advisory Board unanimously believes the financial and risk management benefits that self-insured property and liability pools provide to associate members today need to be continued." Chair Lesser observed the City of Bremerton has found pool associate member services valuable.

## **NEXT MEETING**

Next meeting date and place to be announced.

## **ADJOURN --**

The meeting adjourned 12:00 pm.